



DETROIT/WAYNE COUNTY PORT AUTHORITY

2002 Annual Report





DETROIT/WAYNE COUNTY PORT AUTHORITY

2002 Annual Report

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

On December 12, 2002, the Detroit/Wayne County Port Authority (DWCPA), proudly announced plans for its new public dock and terminal. The announcement was part of Detroit Mayor Kwame Kilpatrick's plan for the future redevelopment of Detroit's East Riverfront. Mayor Kilpatrick's East Riverfront Study Group is co-chaired by Matthew P. Cullen of General Motors and Derrick A. Miller, Chief Administrative Officer for the City of Detroit and DWCPA board member.

Through a Transportation Equity Act for the 21st Century (TEA-21) grant, the approval of which was secured by United States Senator Carl Levin, the DWCPA received \$6 million in federal funding to build a facility on the Detroit River as part of the City's overall waterfront redevelopment initiative. A very special thanks is extended to Senator Levin. Matching local funds of \$1.5 million from the State of Michigan increased the grant total to \$7.5 million.

Since the grant was awarded in May of 1999, the DWCPA has worked with the City of Detroit to find a suitable riverfront site for its project. Many sites were considered. Even before the formation of the mayor's East Riverfront Study Group, a downtown location became the obvious choice. The public dock and terminal will be located at the foot of Bates Street at Atwater, just west of the Renaissance Center. This new development will provide a unique location for all vessels visiting Detroit. The project will revitalize the waterfront and help promote tourism.

Our future course is set: make Detroit and Michigan more economically competitive and the most desirable location for tourism and businesses in the Great Lakes region.



ARTHUR B. BLACKWELL, II
*Chairman, President and Chief
Executive Officer of the Deway
Development Corporation*

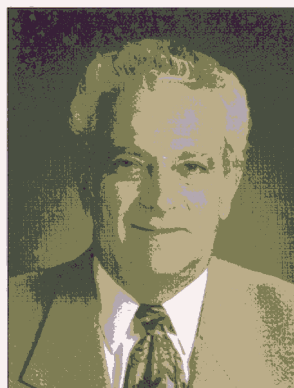
Sincerely,

A handwritten signature in black ink, appearing to read "Arthur B. Blackwell, II".

Arthur B. Blackwell, II
Chairman



BYRON F. KELLEY
*Vice Chairman
Retired
Seafarers International
Union*



PHILIP B. FISCHER
*President
Philip B. Fischer Co.*



RODERICK GILLUM
*Vice President of Corporate
Relations and Diversity
General Motors Corporation*



DERRICK A. MILLER
*Chief Administrative Officer
City of Detroit*

PUBLIC DOCK AND TERMINAL PROJECT



As noted, in the Message From The Chairman, several meetings sponsored by the East Riverfront Study Group produced drafts and design schemes centered on the eastern waterfront. The resulting work led to the Port Authority agreeing to partner with General Motors on a site just west of its new Wintergarden. The Port Authority's plans call for a public dock, able to receive and anchor vessels of interest visiting downtown Detroit.

The DWCPA will use a portion of its Federal and State grants to create and enhance construction of the public dock facility, in addition to the pedestrian access along the Detroit Riverfront.

Representatives of international cruise vessels have frequently expressed an interest in calling on Detroit provided an adequate dock and terminal facility is available. Besides complementing on going marketing initiatives and attracting international tourists, a significant economic benefit has been projected. Based on reasonably conservative assumptions, it is possible that the direct impact in Detroit for one visit by the *C. Columbus* exceeds \$110,000 or \$152 per passenger.

SOFT ENGINEERING/DEMONSTRATION TRAINING PROJECT

The DWCPA will provide a second round of funding for a soft engineering training and demonstration project.

This new round of funding will help provide expert instruction from leading professionals involved in soft engineering, followed by an on-site training demonstration on Belle Isle, in downtown Detroit. The group will identify and study the highest priority segments of shoreline along the entire 32-mile stretch of the Detroit river that require shoreline redevelopment.

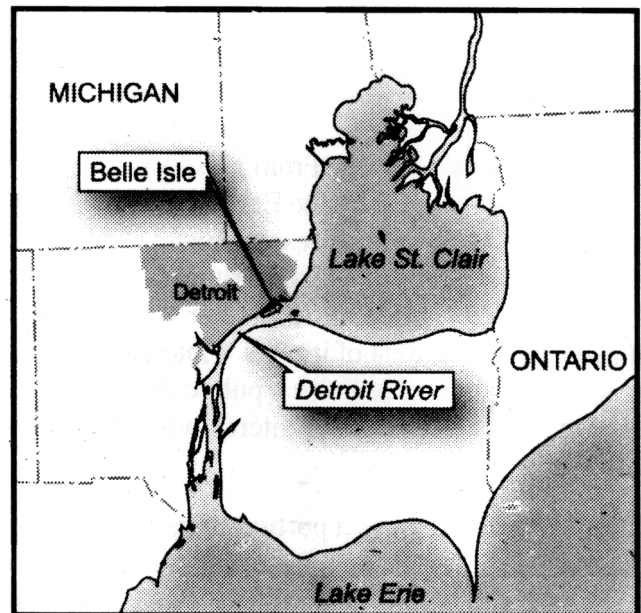
The \$45,000 project is funded by the Great Lakes Commission, Soil Erosion and Sedimentation Task Force (\$25,000); U.S. Fish and Wildlife Service (\$10,000), Michigan Sea Grant (\$5,000) and the Garden Club of Michigan (\$5,000). Others involved include the Greater Detroit American Heritage River Initiative and City of Detroit Recreation Department.

“Soft engineering techniques can provide tremendous benefits over “hard engineering,” said DWCPA project manager John Kerr, who assisted with the organization of last year’s two-day seminar which was attended by public officials, private contractors, regulators, landscape architects, and city maintenance workers. “Hard engineering techniques are more expensive and do little to enhance the habitat for aquatic life; however, they are useful in certain applications. In this training, we will show participants when and how to make use of both techniques,” said Kerr.

On Thursday, July 18, 2002, a special reception was hosted by DWCPA and the Greater Detroit American Heritage River Initiative at the Detroit Yacht Club, to kick off the “Lake Muskoday Shoreline Habitat Project,” unveil the interpretive sign and to announce new funding for a second round of work.



Volunteers form the first step of a vegetated geogrid, one method of soft engineering, by lowering down a geotextile mattress.



MARAD & PORT SECURITY GRANT SESSION

On September 10, the Port Authority hosted Mr. Ray Barberesi, Director of the Maritime Administration (MARAD) Office of Ports and Domestic Shipping, for a presentation to the maritime community on its Seaport Security Grant Awards Program. He also explained Secretary of Transportation Norman Mineta's new "Marine Transportation System National Advisory Council," its involvement in coordinating legislative policy within the local marine community.



"CHICKEN BONE REEF" STUDY



The DWCPA successfully secured authorization, through the Water Resource Development Act (WRDA) for the U.S. Army Corps of Engineers to conduct a 100% federally funded reconnaissance study of "Chicken Bone Reef," a ridge of silt build-up in the Detroit River. The "reef" stretches roughly from Joe Louis Arena to Hart Plaza, and has been identified as a navigation hazard, by the Coast Guard, and many others, for visiting vessels of interest that seek to dock along the downtown Detroit Riverfront.

Reconnaissance work included an environmental survey. This study has taken approximately one year to complete, and will result in recommendations toward enhancing navigation into the area.

CRUISING THE GREAT LAKES

The DWCPA has taken a leadership role in redeveloping this long-absent market segment by being a founding member of the bi-national Great Lakes Cruising Coalition (GLCC). By heading the GLCC's Technical Committee and otherwise remaining closely involved in the redevelopment efforts, the DWCPA will attract cruise lines and the economic impact they bring to the City of Detroit, well into the future. In 2003, Detroit expects to host the luxury cruise vessel, *Le Levant*, for several cruises beginning or ending in the Motor City.



GREATER DETROIT FOREIGN TRADE ZONE, INC.



W. STEVEN OLINEK
Deputy Director, DWCPA
Director, GDFTZ Inc.

The Detroit/Wayne County Port Authority administers the Greater Detroit Foreign Trade Zone, Inc. (GDFTZ), one of the largest zone programs in the United States in terms of the value of products exported, and the number of zone sites. In recent years, local firms have annually shipped more than \$34 billion in goods from GDFTZ facilities. These goods have typically included automobiles, chemicals and auto parts. At the same time, more than \$2 billion in goods have been exported annually from the zone.

GDFTZ is a user-funded, Michigan non-profit corporation that provides competitive advantages to companies involved in international trade through deferral, reduction or elimination of U.S. Customs duties. Maximizing the use of foreign trade zones by existing and prospective businesses, GDFTZ helps ensure the competitive market position of firms involved in both international and domestic commerce.

The GDFTZ program is comprised of many private operators of general-purpose zone sites with facilities in Detroit, Ecorse, Riverview, Romulus, Plymouth, Trenton and Melvindale, Michigan. These general-purpose zones are usually warehouses that customize services and space to meet the needs of the user and are located at international port terminals, at the international airport, near the Ambassador Bridge, in manufacturing centers and at major interstate highway accesses. Besides automotive manufacturers GDFTZ's mix of foreign trade zone operators includes such companies as: BASF Corporation, Marathon Ashland Petroleum, Northwest Airlines and many others. Pending future projects include the Pinnacle Aeropark of Wayne County and the Detroit City Airport.



PORT OF DETROIT CARGO HANDLING SERVICES

INTERNATIONAL AIR CARGO

Complete air services are available through Detroit. Services include direct international cargo and passenger flights, extensive domestic service, charters and U.S. Customs services. Shippers can export and import worldwide through Detroit. Air service is available through:

- Detroit Metropolitan/Wayne County Airport
- Detroit City Airport
- Oakland County International Airport
- Willow Run Airport

Service through Detroit avoids costly delays and lost cargo problems of other freight centers.

INTERNATIONAL CARGO HANDLING SERVICES

The complex requirements of companies importing and exporting through Detroit are met by nearly 100 firms that specialize in serving those needs.

- Foreign freight forwarders act as agents for exporters and are licensed by the Federal Maritime Commission
- Customhouse brokers, licensed by the U.S. Treasury Department, enter and clear goods through U.S. Customs
- International Air Freight Forwarders handle air cargo and are licensed by the International Air Transportation Association
- Foreign trade zones provide duty-free storage and value-added services on goods with immediate release capability
- Export packaging and crating firms provide expert service for truck, air or ocean transportation
- Inventory and sequencing systems

All these services are expertly provided in Detroit by companies accustomed to the demands of industry and just-in-time distribution.

OCEAN SHIPPING SERVICE

Detroit is directly linked by water to all world markets through the international port located on the Detroit and Rouge Rivers, 618 miles from the entrance to the St. Lawrence Seaway.

The Port of Detroit handles more than 22 million tons of cargo annually, including more than 6 million tons of foreign cargo and ranks as the third largest steel handling port in the U.S.

FACILITIES

- 10 berths on the Detroit and Rouge rivers provide ocean access through the St. Lawrence Seaway
- Completely equipped to handle all types of cargo from bulk to container, heavy-lift to roll on/ roll off
- Fully secured, guarded terminal facilities with covered and heated storage available
- Complete intercontinental rail service
- Ship repair, chandlery, bunkering and tug and barge services available
- International reputation for high productivity and damage-free cargo handling
- On-site U.S. Customs services
- Tug assistance
- Direct, regular service to Northern Europe
- Charter service throughout the world through 16 shipping lines
- Excellent intermodal connections with interstate highways and rail lines to U.S. midwest and Ontario, Canada
- London Metal Exchange approved port facilities

RAIL SERVICE

Detroit is served by all major rail lines which link Detroit to major markets in the United States, Canada and Mexico. Port facilities, foreign trade zones, distribution centers and manufacturing facilities are linked to all of the rail lines.

DISTRIBUTION SERVICES

Within 500 miles (800 km) of Detroit is:

- 46% of the U.S. population
- 46% of U.S. personal income
- 44% of Canada's population
- 45% of Canadian personal income

Detroit provides personalized, just-in-time services without the congestion and lost cargo problems of other distribution centers.

**George Johnson
& Company**

243 West Congress • Suite 1080 • Detroit, Michigan 48226
(313) 965-2655 • Fax (313) 965-4614

INDEPENDENT AUDITORS' REPORT

October 25, 2002

To the Board of Directors
Detroit/Wayne County Port Authority
Detroit, Michigan

We have audited the accompanying balance sheet of the Detroit/Wayne County Port Authority as of September 30, 2002, and the related statements of revenue, expenses, and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Authority's financial statements as of, and for the year ended, September 30, 2001 and, in our report dated October 18, 2001, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Detroit/Wayne County Port Authority as of September 30, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.


CERTIFIED PUBLIC ACCOUNTANTS

BALANCE SHEET

DETROIT/WAYNE COUNTY PORT AUTHORITY

SEPTEMBER 30, 2002

ASSETS	2002
Current Assets	
Cash	\$ 534,591
Accounts Receivable	91,591
Prepaid Expenses	<u>8,247</u>
Total Current Assets	\$ 634,429
Other Assets	
Property and Equipment	47,300
Deposits	<u>13,000</u>
Total Other Assets	\$ 60,300
Total Assets	<u>\$ 694,729</u>
LIABILITIES AND FUND BALANCES	
Current Liabilities	
Leases Payable – Current Portion	\$ 1,032
Accounts Payable	10,156
Accrued Expenses	<u>62,179</u>
Total Current Liabilities	\$ 73,367
Long-Term Liabilities	<u>0</u>
Total Liabilities	\$ 73,367
Fund Balances (Deficiencies)	<u>621,362</u>
Total Liabilities and Fund Balances	<u>\$ 694,729</u>

A photograph of the Detroit skyline across a body of water. In the foreground, a large ship is visible on the left. The Detroit skyline, including the Ford Riverfront Plaza, is visible in the background. The water is calm, and the sky is clear. The foreground shows a rocky shoreline with some greenery.

DETROIT MARINE TERMINALS, INC.
(Scotten Street Facility)
4105 W. Jefferson Avenue
Detroit, Michigan 48209
Operations: (313) 843-7798
Traffic: (313) 843-5503

Mailing Address:

105 Maple
Wyandotte, Michigan 48192-5927
Phone: (734) 281-6828
Fax: (734) 281-6830

DSC

1491 W. Jefferson Avenue
Trenton, Michigan 48183
Phone: (734) 246-4002
Fax: (734) 246-4069

NICHOLSON TERMINAL & DOCK CO.
Ecorse Dock
P.O. Box 18066
River Rouge, Michigan 48218
Phone: (313) 842-4300
Fax: (313) 843-1091

MOTOR CITY INTERMODAL DISTRIBUTION
4005 W. Fort
Detroit, Michigan 48209
Phone: (313) 843-5533
Fax: (313) 843-5727

MICHIGAN MARINE TERMINAL
225 Marion Street
P.O.Box 18247
River Rouge, Michigan 48218
Office: (313) 842-8040
Fax: (313) 842-8068
Terminal: (313) 841-6100

HARRIDON TERMINAL INC.
363 N. Forman
Detroit, Michigan 48209
Phone: (313) 841-2400
Fax: (313) 841-8388



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Detroit, Michigan 48214
Phone: (313) 331-3842 Fax: (313) 331-5457
www.portdetroit.com

DETROIT/WAYNE COUNTY
PORT AUTHORITY

FINANCIAL STATEMENTS

**September 30, 2002
(With Comparative Totals for
September 30, 2001)**

DETROIT/WAYNE COUNTY PORT AUTHORITY

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George Johnson & Company

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October 25, 2002

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Detroit/Wayne County Port Authority
Detroit, Michigan

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Detroit/Wayne County Port Authority as of September 30, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

DETROIT/WAYNE COUNTY PORT AUTHORITY

BALANCE SHEETS

September 30, 2002

(With Comparative Totals as of September 30, 2001)

	<u>2002</u>		<u>Total All Funds</u>	
	<u>General Fund</u>	<u>Property and Equipment Fund</u>	<u>2002</u>	<u>2001</u>
ASSETS				
Current Assets:				
Cash	\$ 534,591	\$ -0-	\$ 534,591	\$ 337,152
Accounts receivable (no allowance considered necessary)	91,591		91,591	80,661
Prepaid expenses	8,247		8,247	6,856
Total Current Assets	634,429	-0-	634,429	424,669
Other Assets:				
Property and equipment (Note C)		47,300	47,300	33,188
Deposits	13,000		13,000	13,000
Total Other Assets	13,000	47,300	60,300	46,188
Total Assets	\$ 647,429	\$ 47,300	\$ 694,729	\$ 470,857
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Leases payable - current portion (Note D)	\$ -0-	\$,032	\$ 1,032	\$ 3,143
Accounts payable	10,156		10,156	4,425
Accrued expenses	62,179		62,179	227,547
Total Current Liabilities	72,335	1,032	73,367	235,115
Long-Term Liabilities:				
Leases payable (net of current portion) (Note D)			-0-	785
Total Liabilities	72,335	1,032	73,367	235,900
Fund Balances	575,094	46,268	621,362	234,957
Total Liabilities and Fund Balances	\$ 647,429	\$ 47,300	\$ 694,729	\$ 470,857

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES

For the Year Ended September 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

	<u>2002</u>		<u>Total All Funds</u>	
	<u>General Fund</u>	<u>Property and Equipment Fund</u>	<u>2002</u>	<u>2001</u>
Revenue:				
Grants	\$,033,500	\$ -0-	\$ 1,033,500	\$ 973,500
Rental income	71,484		71,484	75,498
Interest income	5,200		5,200	7,706
Other income			-0-	500
Reduction in accrued legal expenses (Note E)	67,743		67,743	-0-
Administrative revenue (Note B)	161,345		161,345	151,068
Gain on termination of capital lease (Note D)			-0-	87,470
Total Revenue	1,339,272	-0-	1,339,272	1,295,742
Expenses:				
Program services	938,501	14,366	952,867	1,221,945
Excess (Deficiency) of Revenue over Expenses	400,771	(14,366)	386,405	73,797
Other Changes in Fund Balances:				
Interfund transfers	(31,374)	31,374	-0-	-0-
Net Increase in Fund Balances	369,397	17,008	386,405	73,797
Fund Balances, Beginning of Year	205,697	29,260	234,957	161,160
Fund Balances, End of Year	\$ 575,094	\$ 46,268	\$ 621,362	\$ 234,957

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

STATEMENTS OF CASH FLOWS

For the Year Ended September 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

	2002		Total All Funds	
	General Fund	Property and Equipment Fund	2002	2001
Cash Flows from Operating Activities:				
Excess (deficiency) of revenue over expenses	\$ 400,771	\$ (14,366)	\$ 386,405	\$ 73,797
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities:				
Depreciation		14,366	14,366	33,055
Gain on termination of capital lease			-0-	(87,470)
(Increase) decrease in:				
Accounts receivable	(10,930)		(10,930)	(2,311)
Prepaid expenses	(1,391)		(1,391)	1,939
Increase (decrease) in:				
Accounts payable	5,731		5,731	(16,552)
Accrued expenses	(165,368)		(165,368)	145,537
Interfund transfers	(31,374)	31,374	-0-	-0-
Net Cash Provided by Operating Activities	197,439	31,374	228,813	147,995
Cash Flows from Investing Activities:				
Acquisition of property and equipment		(28,478)	(28,478)	(3,218)
Net Cash Provided (Used) by Investing Activities	-0-	(28,478)	(28,478)	(3,218)
Cash Flows from Financing Activities:				
Payments on leases payable		(2,896)	(2,896)	(12,492)
Net Cash Provided (Used) by Financing Activities	-0-	(2,896)	(2,896)	(12,492)
Net Increase in Cash	197,439	-0-	197,439	132,285
Cash Balances, Beginning of Year	337,152	-0-	337,152	204,867
Cash Balances, End of Year	\$ 534,591	\$ -0-	\$ 534,591	\$ 337,152
Supplemental Disclosure of Cash Flow Information:				
Cash paid during the year for interest	\$ -0-	\$ -0-	\$ -0-	\$ 65,671

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

It is the policy of the Detroit/Wayne County Port Authority (the "Authority") to apply accounting principles generally accepted in the United States of America as applicable in presenting its balance sheets and related statements of revenue, expenses, and changes in fund balances and cash flows. In this connection, the more significant accounting policies are described below:

Nature of Activities

The Authority was created by the Port Authority Act of 1978. The legislation enables the Authority to enter into contracts for the acquisition, improvement, enlargement, or extension of port facilities. The mission of the Authority is to plan, develop, and foster economic and recreational growth, through environmental stewardship, in promoting Detroit and Southeast Michigan as an import and export freight transportation and distribution hub for the United States, Canada, and the world marketplace.

Principles of Accounting

The Authority recognizes revenue and expenses on an accrual basis.

Cash Equivalents

The Authority considers all highly liquid investments, including certificates of deposit, with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment purchases are recorded at cost. Contributed property and equipment are recorded at fair value at the time of donation.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

Revenue that is both measurable and available for use to finance operations is recorded when earned. Other revenue is recorded when received.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

No provision has been established for income taxes since the Authority is exempt from income taxes under Internal Revenue Code section 501(c)(4).

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Authority, the accounts of the Authority are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their natures and purposes. Separate accounts are maintained for each fund.

The assets, liabilities, and fund balances of the Authority are reported in two self-balancing fund groups as follows:

General Fund

This includes funds available for support of operations.

Property and Equipment Fund

This accounts for capital assets and related depreciation.

Concentration of Credit Risk

Financial instruments which potentially subject the Authority to concentrations of credit risk consist principally of cash and accounts receivable.

The Authority places its cash with two high credit qualified financial institutions. The amount on deposit in one institution exceeds the \$100,000 limit that is insured by the Federal Deposit Insurance Corporation. The Authority's remaining cash is invested at a second financial institution which, in management's estimation, is not at risk of financial instability and which insures the entire balance against possible fraud or theft. The Authority's accounts receivable are due principally from the City of Detroit and Greater Detroit Foreign Trade Zone, Inc. ("GDFTZ"). The Authority receives its funding from the State of Michigan, the County of Wayne, and the City of Detroit.

DETROIT/WAYNE COUNTY PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2002

NOTE B - ADMINISTRATIVE REVENUE

The Authority provides administrative services for the GDFTZ. Total fees were \$161,345 and \$151,068 for the years ended September 30, 2002 and 2001, respectively.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

	<u>2002</u>	<u>2001</u>
Furniture and fixtures	\$ 84,981	\$ 84,981
Office equipment	<u>136,067</u>	<u>107,589</u>
	221,048	192,570
Less: Accumulated depreciation	<u>(173,748)</u>	<u>(159,382)</u>
	<u>\$ 47,300</u>	<u>\$ 33,188</u>

Depreciation expense for the years ended September 30, 2002 and 2001 was \$14,366 and \$33,055, respectively.

NOTE D - LEASES

The Authority leases a building for office space. The original term of this lease expired in August 2001, with an option to renew the lease for an additional five years. The lease included an option to purchase the building at a specified price, which resulted in classifying this lease as a capital lease. This lease was amended in April 2001, which resulted in exercising the five-year renewal option through August 2006, with the ability to terminate the lease at any time with six months' notice. The amendment also terminated the purchase option, resulting in reclassifying the lease as an operating lease as of the beginning of the renewal period. The gain resulting from the termination of the original five-year lease period has been recognized in the Authority's statement of revenue, expenses, and changes in fund balance for the year ended September 30, 2001.

The Authority also leases office equipment under a capital lease, with the option to purchase the office equipment at a specified price. The term of this lease expires in December 2002.

DETROIT/WAYNE COUNTY PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2002

NOTE D - LEASES (CONTINUED)

The Authority has entered into an agreement to lease a docking facility. The terms of the lease are contingent on the start of certain Authority docking terminal projects. As of September 30, 2002, the Authority did not incur any expenses in conjunction with this lease.

The following is a schedule by years of future minimum lease payments under noncancellable leases as of September 30, 2002:

<u>For the Year Ended September 30</u>	<u>Capital Lease</u>	<u>Operating Lease</u>
2003	\$,055	\$ 106,000
2004	-0-	112,000
2005	-0-	118,000
2006	-0-	40,000
	<hr/>	<hr/>
Total Minimum Lease Payments	1,055	\$ 376,000
		<hr/>
Less: Amount representing interest	(23)	
Present Value of Net Minimum Lease Payments	\$ 1,032	
	<hr/>	

Rental expense under operating leases for the years ended September 30, 2002 and 2001 was \$97,000 and \$91,000, respectively.

NOTE E - REDUCTION OF ACCRUED LEGAL EXPENSES

The Authority entered into an agreement with its attorneys to write off fees related to legal services performed in years prior to October 1, 2001. The original accrual was reduced by \$67,743, and the remaining liability was paid in August 2002. The reduction in the accrual was recorded as revenue in the statement of revenue, expenses, and changes in fund balances for the year ended September 30, 2002.

NOTE F - CONTINGENCIES

The Authority received an extension of the expiration date for obtaining a Port of Detroit Public Dock and Passenger Terminal CMI Waterfront Redevelopment Grant of \$3 million to August 4, 2003.

DETROIT/WAYNE COUNTY PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2002

NOTE F - CONTINGENCIES (CONTINUED)

The grant is contingent on the Authority acquiring certain properties for development. The Authority is currently in negotiations for the purchase of these properties.

The Authority has entered into a grant agreement with the State of Michigan for \$150,000, which is contingent on purchasing certain properties for environmental quality development. The Authority is negotiating the purchase of these properties.

NOTE G - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board ("GASB") issued Statement of Governmental Accounting Standards ("SGAS") No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," in June 1999. SGAS No. 34 was subsequently amended by SGAS No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an Amendment of GASB Statements No. 21 and No. 34," and SGAS No. 38, "Certain Financial Statement Note Disclosures." These Statements establish new requirements for the measurement and display of information in the financial statements, as well as related note disclosures and required supplementary information. These Statements apply to the Authority's financial statements for the year ending September 30, 2004, with earlier implementation encouraged. The Authority has not determined the impact on its financial statements of implementing these Statements.

ADDITIONAL INFORMATION

**George Johnson
& Company**

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

October 25, 2002

To the Board of Directors
Detroit/Wayne County Port Authority
Detroit, Michigan

We have audited the financial statements of Detroit/Wayne County Port Authority as of September 30, 2002, and for the year then ended. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on the following page is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

DETROIT/WAYNE COUNTY PORT AUTHORITY

SCHEDULES OF GENERAL FUND REVENUE AND EXPENSES

For the Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenue:		
Grants:		
State of Michigan	\$ 468,500	\$ 408,500
County of Wayne	315,000	315,000
City of Detroit	250,000	250,000
	<u>1,033,500</u>	<u>973,500</u>
Total Grants	1,033,500	973,500
Rental income	71,484	75,498
Interest income	5,200	7,706
Other income	-0-	500
Reduction of accrued legal expenses	67,743	-0-
Administrative revenue - Greater Detroit Foreign Trade Zone, Inc.	161,345	151,068
	<u>161,345</u>	<u>151,068</u>
Total Revenue	<u>\$ 1,339,272</u>	<u>\$ 1,208,272</u>
Expenses:		
Salaries and fringe benefits	\$ 536,856	\$ 663,041
Professional services	52,005	158,549
Interest expense	-0-	65,671
Payroll taxes	29,962	36,405
Occupancy	116,336	33,829
Building repairs and maintenance	26,189	31,553
Conferences, dues, and subscriptions	25,999	31,164
Automotive expenses	16,017	30,269
Travel	9,267	29,806
Marketing and promotion	21,773	20,967
Insurance	19,582	18,953
Telephone	14,740	14,849
Consultants	29,195	13,879
Printing	8,181	10,696
Equipment maintenance and rental	9,335	7,700
Supplies	9,757	6,312
Property taxes	4,194	4,822
Postage	988	4,724
Miscellaneous expenses	8,125	5,701
	<u>8,125</u>	<u>5,701</u>
Total Expenses	<u>\$ 938,501</u>	<u>\$ 1,188,890</u>